

California State Teachers' Retirement Board
Investment Committee

Subject:	Activity Status Report - Credit Enhancement Program	Item Number: <u>12</u> Attachment(s): <u>2</u>
Action:	Date of Meeting: <u>May 7, 1999</u>	
Information:	<u>X</u>	Presenters: <u>Mr. Rose</u>

EXECUTIVE SUMMARY

Last month CalSTRS closed on five transactions, four of which have been already reported. Two transactions for the Ontario Redevelopment Agency for \$15.1 million closed as well as \$7.4 million to support the City of Fillmore's financing of their water system. CalSTRS providing confirming letters of credit for each of these transactions. Finally, CalSTRS closed on the liquidity facility to support the California Housing Finance Agency (CHFA) 1998 Home Mortgage Revenue Bonds liquidity facility for \$42 million. CalSTRS will have the direct risk for 25% of the transaction and Bank of America have the other 75%. AAA rated bond insurance, the underlying insured mortgages, and the financial strength of CHFA back these bonds.

A \$2.8 million transaction to support the City of Fontana Redevelopment Agency was reported last month and is now scheduled to close May 1999. CalSTRS will provide a confirming letter-of-credit.

An \$8.2 million transaction to support the Saint Vincent de Paul Management Inc. (SVDP) also closed in April. This was originally reported in October, 1999. At the time of the writing of this report, the Mission Viejo Mall Improvement Project is now expected to close in May 1999.

CalSTRS will be soon closing two confirming letters-of-credit. The first is for Evergreen Distributors in Oceanside Ca. for \$2.5 million. This facility will include a nursery-storage and growing area and a green waste facility. The second transaction is for Scott Lamp Co./Watt Four, LLC. The company manufactures lighting products. This project in Fairfield Ca. was completed in 1997 for \$2.8 million. The proceeds were used for a 68,000 sq.ft. concrete tilt-up facility on 3.5 acres. The facility allowed the company to expand its operations.

- 1) Saint Vincent de Paul Management Inc. (SVDP) San Diego, CA.
SVDP is a California nonprofit religious corporation and is exempt from federal income taxes as a 501 © (3). The proceeds of the \$8.2 million financing will be used for:

- a) Imperial Ave Project: Financing and refinancing the acquisition and development of the Joan Kroc and Bishop Maher Centers, which service 450 homeless persons.
- b) 3350 E Street Project: Refinancing the cost of acquiring the 51,200 square foot, two-story building which is used as administrative offices and a food warehouse.
- c) Teen Center: Refinancing the Teen Center which provides case managed, transitional counseling and free medical and dental care.
- d) 33rd Street Warehouse. Refinancing the 25,400 square foot warehouse, thrift store, dispatch office and auction site.
- e) Commercial Street Park. Refinancing and financing of a park to include play areas and a parking lot.
- f) Sixteenth Street Project. Refinancing and financing the acquisition of two 1,500-foot residences to be used as guest accommodations for out-of-town visitors and for meetings and conference facilities.
- g) Fifteenth Street Project. Financing and refinancing the acquisition and rehabilitation of an approximately 50,000 square foot job center and 350-bed seasonal shelter.
- h) Maintenance Center. Refinancing and financing the acquisition, rehabilitation and equipping of a 2,500 square foot maintenance center.
- i) 4850 Pacific Highway Project. Financing the acquisition and rehabilitation of a 18,000 square foot building to be used as headquarter of the corporation.
- j) Affordable Housing Projects. Financing the acquisition and rehabilitation of nine single family residences and commercial properties for the development of affordable housing residences and office space for program development and support services.

CalSTRS provided a confirming letter of credit for this transaction.

2) Evergreen Distributors, Inc. Oceanside, CA

Evergreen Distributors operates a 90-acre regional nursery in the north area of San Diego called the “Black Mountain Facility”. The nursery primarily grows and sells plants and related products to wholesale and retail customers in and around San Diego County. Evergreen is in the process of developing a new solid waste facility to be located in the City of Oceanside. The project will be located 25 miles from the Black Mountain Facility and situated on a portion of a site totaling approximately 75 acres.

The Oceanside facility will be capable of receiving materials from the municipal waste stream, as well as from gardeners, professional tree trimmers, stables, and manufacturers that produce wood by-products. The Oceanside facility will include: designated open space required by local municipality (35%); nursery- storage and growing (25%); green waste facility (25%); administrative (5%); general access (5%); and other.

Bond proceeds will be for \$2.5 million. Two years after the project is completed, an estimated 40 jobs will be created. CalSTRS will provide a confirming letter-of-credit.

3) Scott Lamp Co. Inc./Watt For, Fairfield, Ca.

This project was originally completed in 1997, and the bank involved has asked CalSTRS to provide a confirming letter-of-credit in order to lower the interest rate costs by the borrower. The transaction is for \$2.8 million.

The company manufactures incandescent and fluorescent lighting fixtures and makes custom lighting for customers such as hotels and casinos and other industries. The Company also does business as Scott Architectural Lighting, Scott Fan Co., and Scott Railing. The project included a 68,0000 sq. ft. concrete tilt-up building and created an estimated 50 jobs.

CalSTRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF APRIL 19, 1999

Attachment 1

Item 12

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
DIRECT RISK								
Port of Long Beach	Liquidity	Jun-94	Feb-00	\$75,000,000	\$0	\$75,000,000	\$103,961	\$250,972
Bridge - Richmond Townhomes	Expired. Redeemed as of Feb-97.							\$15,096
USA Waste Industries	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$46,108	\$227,007
Sanifill, Inc.	Expired. Redeemed as of Jan-98.			\$0	\$0	\$0	\$43,809	\$87,618
San Diego Unified Port District (20)	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$13,079	\$38,332
San Diego Unified Port District (21)	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$13,079	\$25,832
Pasadena Parking Authority	Credit	Jan-98	Jan-03	\$9,000,000	\$693,750	\$9,693,750	\$30,666	\$35,935
Pasadena Rosebowl (22)	Credit	Jun-98	Jun-01	\$15,600,000	\$276,956	\$15,876,956	\$33,001	\$33,001
SUBTOTAL				\$159,364,121	\$2,921,053	\$162,285,174	\$283,704	\$713,794
DIRECT RISK - SECURED								
Buck Research on Aging	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$139,024	\$415,303
BOND INSURED								
Adventist West	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$93,384	\$141,568
DIRECT PAY LETTERS OF CREDIT								
Pt. Loma College	Expired. Redeemed as of Nov-98.			\$0	\$0	\$0	\$69,260	\$360,334
City of Visalia (California)	Credit	Sep-96	Sep-01	\$3,385,000	\$70,111	\$3,455,111	\$17,094	\$49,170
LA Fairplex	Credit	Jul-97	Jul-01	\$17,900,000	\$698,224	\$18,598,224	\$51,997	\$163,340
Master-Halco Series 1986-II	Credit	Nov-98	Nov-01	\$1,900,000	\$39,978	\$1,939,978	\$1,000	\$1,000
TransAmerica Series 1986-V	Credit	Nov-98	Nov-01	\$1,050,000	\$22,093	\$1,072,093	\$1,000	\$1,000
CSCDA - IDB's								
Series 1994B								
Propak of California	Credit	Nov-94	Nov-01	\$2,720,000	\$60,809	\$2,780,809	\$4,770	\$49,946
J. Michelle/Edie Lee	Credit	Nov-94	Nov-01	\$2,000,000	\$44,712	\$2,044,712	\$4,362	\$51,969
Pasco Scientific	Credit	Dec-94	Dec-01	\$2,295,000	\$51,307	\$2,346,307	\$4,826	\$50,862
American River Packaging	Credit	Dec-94	Dec-01	\$1,725,000	\$38,564	\$1,763,564	\$3,649	\$32,660
Lance Camper Manuf.	Credit	Dec-94	Dec-01	\$3,225,000	\$72,099	\$3,297,099	\$6,623	\$62,649
CSCDA - IDB's								
Series 1989-90								
Intermountain Trading	Credit	Feb-95	Feb-02	\$290,000	\$6,483	\$296,483	\$1,504	\$8,731
Andercraft Products	Credit	Feb-95	Feb-02	\$775,000	\$17,326	\$792,326	\$4,413	\$27,319
Sunclipse, Inc. (Alhambra)	Credit	Feb-95	Feb-02	\$3,200,000	\$71,540	\$3,271,540	\$9,223	\$49,975
Sunclipse, Inc. (Union City)	Credit	Feb-95	Feb-02	\$2,135,000	\$47,730	\$2,182,730	\$6,333	\$36,761
Busseto Foods, Inc. (Rapelli of CA)	Credit	Mar-95	Mar-02	\$2,500,000	\$55,890	\$2,555,890	\$7,324	\$39,398

CalSTRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF APRIL 19, 1999

Attachment 1

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Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
AHNNN, Inc.	Expired.	Redeemed as of Sept-97.		\$0	\$0	\$0	\$0	\$9,416
Zarn, Inc.	Credit	Mar-95	Feb-02	\$610,000	\$13,637	\$623,637	\$2,302	\$21,932
Marcel & Marge Schurman	Credit	Mar-95	Feb-02	\$1,625,000	\$36,329	\$1,661,329	\$3,843	\$28,149
Charles & Loralie Harris	Credit	Mar-95	Feb-02	\$2,310,000	\$51,643	\$2,361,643	\$5,132	\$37,470
American Zettler	Credit	Mar-95	Mar-02	\$2,070,000	\$46,277	\$2,116,277	\$6,165	\$30,463
Aqua Serv Engineering	Credit	Mar-95	Mar-02	\$1,420,000	\$31,746	\$1,451,746	\$7,481	\$39,960
Contech Engineering Prod.	Credit	Mar-95	Mar-02	\$1,320,000	\$29,510	\$1,349,510	\$3,831	\$21,109
Evapco, Inc.	Credit	Mar-95	Mar-02	\$495,000	\$11,066	\$506,066	\$1,539	\$8,830
Florestone Products Co.	Credit	Mar-95	Mar-02	\$1,480,000	\$33,087	\$1,513,087	\$4,276	\$24,333
Grundfos Pumps Company	Credit	Mar-95	Mar-02	\$6,000,000	\$134,137	\$6,134,137	\$16,504	\$78,175
Instrument Specialities Co.	Credit	Mar-95	Mar-02	\$685,000	\$15,314	\$700,314	\$2,066	\$13,020
McCain Citrus	Credit	Mar-95	Mar-02	\$3,000,000	\$67,068	\$3,067,068	\$7,167	\$34,682
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-02	\$440,000	\$9,837	\$449,837	\$1,495	\$12,030
NRI, Inc.	Credit	Mar-95	Mar-02	\$1,505,000	\$33,646	\$1,538,646	\$4,305	\$22,346
W & H Voortman, Inc.	Credit	Mar-95	Mar-02	\$2,460,000	\$54,996	\$2,514,996	\$5,937	\$30,418
Image Laboratories, Inc.	Expired.	Redeemed as of Dec-96.		\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-02	\$300,000	\$6,707	\$306,707	\$1,891	\$9,993
Fairway Molds, Inc.	Credit	Mar-95	Mar-02	\$600,000	\$13,414	\$613,414	\$3,935	\$21,753
S & P Investments	Credit	Mar-95	Mar-02	\$1,165,000	\$26,045	\$1,191,045	\$4,289	\$23,327
Northwest Pipe & Casing	Credit	Apr-95	Apr-02	\$3,000,000	\$67,068	\$3,067,068	\$9,241	\$52,011
Reliance Upholstery	Expired.	Redeemed as of Oct-98.		\$0	\$0	\$0	\$906	\$9,261
Zieman Manufacturing	Credit	Apr-95	Apr-02	\$420,000	\$9,390	\$429,390	\$2,240	\$11,275
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Aug-01	\$2,230,000	\$49,854	\$2,279,854	\$7,072	\$40,129
Leegin Creative Leather Prod.	Expired.	Redeemed as of Dec-97.		\$0	\$0	\$0	\$0	\$19,469
Kennerley-Spratling	Credit	Jun-95	Aug-01	\$2,760,000	\$61,703	\$2,821,703	\$8,621	\$48,230
Vantage Properties	Credit	Jun-95	Aug-01	\$1,580,000	\$35,323	\$1,615,323	\$5,229	\$27,593
BNG Properties, LLC	Expired.	Redeemed as of Aug-96.		\$0	\$0	\$0	\$0	\$12,253
Staub Metals, Inc.	Credit	Aug-95	Aug-01	\$1,020,000	\$22,803	\$1,042,803	\$3,998	\$23,386
Aerostar Partners, Inc.	Credit	Sep-95	Sep-01	\$4,395,000	\$98,255	\$4,493,255	\$12,566	\$63,268
Walker Spring and Stamping Corp	Credit	Sep-95	Sep-01	\$3,400,000	\$76,011	\$3,476,011	\$10,085	\$50,889
Encore Video, Inc.	Expired.	Redeemed as of Oct-98.		\$0	\$0	\$0	\$1,353	\$11,691
EuroDesign Cabinets, Inc.	Credit	Sep-95	Sep-01	\$905,000	\$20,232	\$925,232	\$3,178	\$16,810
South Bay Circuits, Inc.	Credit	Sep-95	Sep-01	\$1,800,000	\$40,241	\$1,840,241	\$5,615	\$28,815
W & H Voortman, Inc.	Credit	Sep-95	Sep-01	\$1,020,000	\$22,803	\$1,042,803	\$3,444	\$16,724
Red Line Oil Co.	Credit	Nov-95	Nov-01	\$1,035,000	\$23,139	\$1,058,139	\$2,500	\$18,376
Johansen Dielectics	Credit	Nov-95	Nov-01	\$1,950,000	\$43,595	\$1,993,595	\$4,470	\$37,358
Peet's Coffee	Credit	Dec-95	Dec-01	\$2,620,000	\$58,573	\$2,678,573	\$5,892	\$43,000
Safariland	Credit	Sep-96	Sep-01	\$3,700,000	\$76,636	\$3,776,636	\$2,684	\$22,528
Control Air Conditioning	Credit	Jun-97	Jun-01	\$4,600,000	\$83,178	\$4,683,178	\$10,698	\$45,682
CSCDA - IDB								
Series 1996M								
Cordeiro Vault Co., Inc.	Credit	Dec-96	Dec-01	\$1,070,000	\$23,921	\$1,093,921	\$4,473	\$14,864
CSCDA - IDB								

CalSTRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF APRIL 19, 1999

Attachment 1

Item 12

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
Series 1996M Fibrebond West, Inc.	Credit	Dec-96	Dec-01	\$6,410,000	\$143,303	\$6,553,303	\$20,155	\$76,078
SUBTOTAL				\$116,500,000	\$2,867,356	\$119,367,356	\$399,958	\$2,169,064

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF APRIL 19, 1999

Attachment 1
Item 12

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
CONFIRMING LETTERS OF CREDIT								
Confirmation #1 Suncreek Apts.	Credit	Apr-96	Apr-02	\$6,800,000	\$78,247	\$6,878,247	\$25,964	\$128,200
Confirmation #2 CMIG LLC	Terminated as of August 28, 1998.			\$0	\$0	\$0	\$2,153	\$5,514
Confirmation #3 Monrovia Redevelopment Agency	Credit	Jan-98	Jan-02	\$8,600,000	\$229,727	\$8,829,727	\$17,694	\$37,388
Confirmation #4 & #5 First Class Foods / Alliance	Credit	Apr-98	Apr-03	\$3,750,000	\$55,479	\$3,805,479	\$5,708	\$5,708
Confirmation #6 Western Saw	Credit	Jun-98	Jun-03	\$3,600,000	\$53,260	\$3,653,260	\$5,561	\$11,041
Confirmation #8 Delta Tau Data Systems	Credit	Aug-98	Aug-01	\$5,800,000	\$85,808	\$5,885,808	\$14,715	\$14,715
Confirmation #9 Dix Metals	Credit	Sep-98	Sep-01	\$5,560,000	\$82,258	\$5,642,258	\$14,231	\$14,231
Confirmations #10 & #11 City of Fillmore	Credit	Sep-98	Sep-01	\$13,070,000	\$249,225	\$13,319,225	\$27,091	\$27,091
Confirmation #12 Accurate Engineering	Credit	Oct-98	Oct-01	\$5,000,000	\$73,973	\$5,073,973	\$11,409	\$11,409
Confirmation #13 The Terraces/Park Marino	Credit	Oct-98	Oct-01	\$8,000,000	\$131,507	\$8,131,507	\$18,070	\$18,070
Confirmation #14 Santa Paula (Water Supply)	Credit	Nov-98	Nov-01	\$24,500,000	\$467,178	\$24,967,178	\$12,067	\$12,067
Confirmation #16 City of Fillmore	Credit	Mar-99	Jun-02	\$7,345,000	\$137,643	\$7,482,643	\$0	\$0
Confirmation #17 City of Ontario	Credit	Mar-99	Mar-03	\$8,270,000	\$152,259	\$8,422,259	\$0	\$0
Confirmation #18 City of Ontario	Credit	Mar-99	Mar-03	\$6,725,000	\$120,609	\$6,845,609	\$0	\$0
SUBTOTAL				\$107,020,000	\$1,917,173	\$108,937,173	\$154,664	\$285,434
TOTAL:				\$524,884,121	\$9,797,363	\$534,681,484	\$1,070,734	\$3,725,163

CalSTRS CREDIT ENHANCEMENT PROGRAM
BANK EXPOSURE
PROGRAM SUMMARY AS OF APRIL 19, 1999

Deal	Commitment	Interest	Total	Portfolio Percentage
PARTNER INSTITUTION				
Port of Long Beach				
Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	14.29%
Buck Research Center on Aging (CIBC)	\$27,500,000	\$397,808	\$27,897,808	5.24%
USA Waste Industries				
Bank of California	\$9,764,121	\$0	\$9,764,121	1.86%
San Diego Unified Port District (CIBC)	\$35,000,000	\$1,365,243	\$36,365,243	6.67%
San Diego Unified Port District (CIBC)	\$15,000,000	\$585,104	\$15,585,104	2.86%
Pasadena Parking Authority (CIBC)	\$9,000,000	\$693,750	\$9,693,750	1.71%
Pasadena Rose Bowl (CIBC)	\$15,600,000	\$276,956	\$15,876,956	2.97%
TOTAL - PARTNER INSTITUTION	\$186,864,121	\$3,318,861	\$190,182,982	35.60%
DIRECT FINANCIAL INSTITUTION EXPOSURE				
MBIA	\$114,500,000	\$1,693,973	\$116,193,973	21.81%
Union Bank of California, N.A.	\$89,895,000	\$1,795,883	\$91,690,883	17.13%
Sanwa Bank of California	\$23,025,000	\$405,705	\$23,430,705	4.39%
Tokai Bank	\$17,900,000	\$698,224	\$18,598,224	3.41%
City National Bank	\$16,745,000	\$264,332	\$17,009,332	3.19%
Bank of America	\$15,730,000	\$351,662	\$16,081,662	3.00%
Wells Fargo Bank	\$9,655,000	\$213,350	\$9,868,350	1.84%
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.64%
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.30%
Bank of Nova Scotia	\$6,480,000	\$144,868	\$6,624,868	1.23%
Hibernia National Bank	\$6,410,000	\$143,303	\$6,553,303	1.22%
Comerica Bank - California	\$4,420,000	\$98,814	\$4,518,814	0.84%
Imperial Bank of California	\$3,700,000	\$76,636	\$3,776,636	0.70%
Pacific Century Bank, N.A.	\$3,600,000	\$53,260	\$3,653,260	0.69%
The Fuji Bank, Limited	\$3,385,000	\$70,111	\$3,455,111	0.64%
Istituto Bancario San Paolo Di Torino	\$2,500,000	\$55,890	\$2,555,890	0.48%
Mellon Bank	\$1,320,000	\$29,510	\$1,349,510	0.25%
Fleet Bank	\$1,020,000	\$22,803	\$1,042,803	0.19%
CoreStates Bank	\$685,000	\$15,314	\$700,314	0.13%
Societe Generale	\$610,000	\$13,637	\$623,637	0.12%
1st Business Bank	\$600,000	\$13,414	\$613,414	0.11%
National Bank of Canada	\$440,000	\$9,837	\$449,837	0.08%
TOTAL - FINANCIAL INSTITUTIONS	\$338,020,000	\$6,478,502	\$344,498,502	64.40%
TOTAL EXPOSURE	\$524,884,121	\$9,797,363	\$534,681,484	100.00%